

Opening of bidding round launches race for oil and gas in Great South Basin

31 July 2006 - Associate Energy Minister Harry Duynhoven today announced the much anticipated opening of bidding for new petroleum exploration permits in the Great South Basin off the south-eastern coast of Otago and Southland.

Mr Duynhoven confirmed that forty blocks are being offered for bidding, each approximately 9,000km² in size.

"This is perhaps the most exciting development in oil and gas exploration in New Zealand since the discovery of the Maui field almost 40 years ago. The Great South Basin has long been regarded as a region with enormous exploration potential.

"The Great South Basin is a frontier region where the potential for high reward is matched by high risk in terms of exploration costs and challenging sea and weather conditions. We are therefore offering large blocks that will provide companies with the scope of opportunity needed for the exploration commitment we are seeking," Mr Duynhoven said.

The Crown Minerals Group has consulted extensively with exploration companies around the world to establish bidding terms that will attract the best possible bids.

"Using funding established as part of the Government's 2004 exploration initiatives, Crown Minerals conducted a 3,200km seismic survey of the basin in March this year with the data being offered to companies in the lead up to the bidding process.

"Initial processing of the seismic data has revealed new signs of oil and gas and the size of the basin appears to be far larger and more extensive than previously thought," Mr Duynhoven said.

"Although the Great South Basin is a proven petroleum system, it will require several years of exploration before the full potential of the basin is properly understood. We therefore need to attract companies with good technical skill, significant financial capability and the right exploration strategy to provide us with the best chance that the basin can contribute to New Zealand's energy future."

Mr Duynhoven said that a number of the major oil companies have already indicated interest in the region, and in the coming months Crown Minerals will continue promotion of the bidding round in North America, Europe and Asia.

The bidding round will close in March 2007.

Details on the bidding round, including location maps and free technical data can be obtained at the Crown Minerals website:
www.crownminerals.govt.nz

Media contact:

Jamie Gray, Private Secretary to Associate Minister of Energy

Tel: (04) 471 9818 or 021 227 9818

Adam Feeley, Group Manager, Crown Minerals, Ministry of Economic Development, Tel: 021 333 539